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AGRICULTURAL CHEMICALS SCHEDULED TO RECEIVE HALF  
OF SOVIET CHEMICAL INVESTMENT IN 1963



CENTRAL INTELLIGENCE AGENCY

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AGRICULTURAL CHEMICALS SCHEDULED TO RECEIVE HALF  
OF SOVIET CHEMICAL INVESTMENT IN 1963

A recent Soviet newspaper article reveals that investment in fertilizer and pesticide plants is planned to amount to about half of the total funds allotted for investment in chemicals in the USSR in 1963. 1/ Although no absolute figures are available on planned or actual Soviet investment in agricultural chemicals in 1959-62, the plan for 1963 appears to direct a much larger share of the total chemical investment to the development of these products than has occurred thus far in the Seven Year Plan (1959-65). It is not known, however, whether the planned investment is solely to counter existing shortfalls cited at the March 1962 Plenum on Soviet agriculture or whether it also represents an increase in the original Seven Year Plan for investment. In spite of the ambitious investment plan for 1963, as well as other measures that have been adopted to accelerate the development and production of agricultural chemicals, fulfillment of the original Seven Year Plan for production of 35 million metric tons (mt) of fertilizers continues to appear improbable, and fulfillment of a recently announced supplementary assignment of 2.7 million mt seems even more remote.

The plan to devote 50 percent of the total Soviet chemical investment in 1963 to accelerating production of fertilizers and pesticides is one of a number of recent indications that the USSR has resolved to take more active measures to correct the lag in commissioning new facilities in branches of the chemical industry that support agriculture. Investment in the fertilizer industry in 1962, for example, was planned to be 20 percent more than that in 1961, 2/ and subsequently it was reported that a supplementary allocation of 38.5 million new rubles would be made during 1962 to support construction of facilities for production of fertilizers. 3/ In addition to the emphasis on construction of new plants, an incentives program is underway for the purpose of intensifying production at existing plants. 4/ The program provides for bonuses to engineering and construction organizations whose efforts result in an increase in production of fertilizers or of raw and intermediate materials required for production of fertilizers. Also, a Socialist competition for production of fertilizers has been widely publicized, with fertilizer plants pledging overfulfillment of the plan for 1962 by 500,000 mt. 5/

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Another measure undertaken in 1962 to facilitate development of agricultural chemicals was the establishment of an Institute of Agrochemical Problems within the Academy of Sciences, with six central institutes assigned various developmental and coordinating functions.

In addition to the above measures, the USSR is apparently preparing to purchase abroad substantial quantities of finished fertilizers. According to one report, in July 1962 the USSR and Japan were negotiating a sizable barter exchange of 100,000 mt of Japanese calcium cyanamide for Russian anthracite coal. 6/ Calcium cyanamide has a number of other uses in addition to its use as a fertilizer, but it is likely that at least a portion of the cyanamide will be used as a fertilizer if the contract is approved. In spite of the evidence that the USSR may be preparing to import finished fertilizers, large quantities of fertilizer raw materials (phosphorus ores and concentrates) are still being exported by the USSR.

It has been apparent for some time that more strenuous efforts would be required if Soviet planners were serious about implementing the ambitious Seven Year Plan for agricultural chemicals. The plan for introducing new capacities for production of mineral fertilizers in 1959-61 was fulfilled by only 44 percent and that for pesticides by only 41 percent. 7/ In 1961, only 12 out of the 40 Soviet economic regions that supply equipment for fertilizer plants fulfilled their obligations. 8/ Large-scale construction of plants producing new or improved fertilizers has been hampered by the lack of standard designs, a situation that may in some cases result in the continued construction of plants producing inferior types of fertilizers. 9/ The lag in commissioning new capacities for both fertilizers and pesticides has persisted in 1962, with the plan for introducing new fertilizer capacity fulfilled by only 25 percent in the first 6 months of the year. 10/ In contrast, the midyear production plan for fertilizers reportedly was overfulfilled by 300,000 tons. 11/

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Analyst:

Coord:

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3. Stroitel'naya gazeta, 9 May 62, p. 1. U.
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6. Oil, Paint and Drug Reporter, 9 Jul 62, p. 7. U.
7. Khimicheskaya promyshlennost', (5, above).
8. Stroitel'naya gazeta, (3, above).
9. Voprosy ekonomiki, no 6, Jun 62, p. 19. U.
10. Stroitel'naya gazeta, 1 Aug 62, p. 3. U.
11. Ekonomicheskaya gazeta, 28 Jul 62, p. 4. U.

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